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Report Highlights:

Despite expected drier weather conditions, MY 2005/06 rice production will increase slightly from the previous year's contraction in anticipation of second crop recovery. Meanwhile, corn production is forecast to decline slightly. The reduced harvest and anticipated high domestic prices will likely limit the exports of rice and corn. In addition, recovery in the poultry industry is expected to result in a recovery of demand for corn. Also, wheat import demand is forecast to continue its upward trend in response to growing demand for food and feed uses.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Despite continued drier weather conditions, MY 2005/06 total rice production is forecast to increase slightly to 17.3 million tons in anticipation of recovery in second crop production. Meanwhile, MY 2004/05 rice production is estimated at 17.1 million tons, down significantly from 18 million tons in the previous year, in response to the lack of rain during the reproductive period of the main crop and low levels of water that limited acreage expansion of the second crop. The reduction in the main crop production is estimated to account for the bulk of total rice contraction, as the yield potentials of the rain-fed main crop will be most affected. This unfavorable rice production and the current aggressive government intervention program are expected to put increased upward pressure on domestic prices and also export quotations. The situation will limit Thai rice export performance in MY 2004/05 and MY 2005/06 to only around 8.0 – 8.5 million tons, as compared to the extraordinary high level in MY 2003/04 of 10.1 million tons. However, stocks will likely remain at low levels and prices will be unlikely to level off.

Unlike rice, MY 2005/06 corn production is forecast to shrink to 4.1 million tons due to the acreage contraction and lower yield resulting from unfavorable conditions. The exportable supply will be limited, as domestic consumption is expected to recover slightly. Import demand for feed corn will likely remain elevated, particularly from the neighboring countries, Laos and Cambodia, due to the duty-free import allowance these countries enjoy.

Also, wheat import demand for food and feed use will likely recover in MY 2005/06. Wheat demand for food is forecast to continue the strong upward trend in line with the expansion in consumption of bakery products and noodles. Bakery and noodle manufacturers reportedly continue to invest in new production facilities. In addition, the number of modern trade outlets keep increasing. Wheat demand for feed use is expected to recover, following the expansion in shrimp farming resulting from the favorable result of the U.S.'s anti-dumping case and the recovery of hatcheries in Tsunami-affected areas. Moreover, the production capacities of flour mills has increased due to the entry of two new flour mills. However, U.S. wheat grain is being challenged by relatively cheaper Australian and Indian wheat resulting from recent free trade agreements. Also, further reductions of the tariff on imported wheat flour will adversely affect the competitiveness of high-import-content wheat flour produced locally, low premium positioned items in particular.

MY 2005/06 bean production is forecast to continue the downward trend in response to anticipated continued dry weather conditions and acreage contraction due to unattractive returns. However, domestic consumption of beans will likely grow further via various types of Mung bean-based products. This will lead to increased import demand for relatively cheaper Mung beans from Burma.

1. Rice

1.1 Production

Despite expected drier weather conditions resulting from the likely El Nino phenomenon, MY 2005/06 rice production is forecast to increase slightly to 17.3 million tons. If El Nino hits, a drop in rain will result in main crop yield hitting a six-year low, to 13.1 million tons, as most are rain-fed. However, the second crop production is expected to recover to 4.2 million tons due to an anticipated weakening of the El Nino phenomenon during second crop cultivation.

MY 2004/05 rice production is estimated at 17.1 million tons, down around 1 million tons from the previous year. The contraction reflected the dry weather conditions during the reproductive stage of main crops, causing a significant drop in the average yield. Main crop production, accounting for about 77 percent of total rice production, is expected to decline to 13.2 million tons, as compared to 13.8 million tons in the previous year. In addition, drought during the reproductive stage will result in higher percentage of chalky kernels than normal, leading to additional cost to exporters, as the chalky kernels must not exceed 6 percent (according to Thai Rice Export Standard). The continued dry weather conditions also limit the acreage expansion of second crops, despite the current attractive farm gate prices, which are at around 6,423 Baht/ton (roughly U.S.\$ 167/MT), up 23 percent from the same period of the previous year. The second crop cultivation in the north and northeast areas, accounting for about 40 percent of total planted areas, was reportedly adversely affected by the drought, leading to a reduction in cultivated areas by about 17 percent. However, the cultivation in the central plain, accounting for about 60 percent of total planted area, will likely go on due to sufficient water and current attractive farm gate prices. The second crop production is forecast to decline to 3.9 million tons, as compared to 4.2 million tons in the previous year.

Farm-gate Price

unit: Baht/Ton

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Paddy 5%	4,053	5,189	5,472	6,629	5,579	4,808	4,484	4,770	5,080	5,481

Source: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives

Yield

Unit: Metric Ton/Hectare)

Paddy Crop	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Main	2.07	2.10	2.10	2.00	2.00	2.16	2.20	2.38	2.27	2.27	2.13	2.10
Second	4.07	4.20	4.25	4.18	4.18	4.10	4.25	4.20	4.25	4.23	4.16	4.20
Total	2.17	2.30	2.38	2.37	2.37	2.37	2.40	2.61	2.57	2.54	2.39	2.39

1.2 Consumption

Rice is the staple food for Thais. Annual per capita consumption of rice remains at around 110 kilograms. The increasing trend of wheat-based production consumption remained limited to urban areas where Western foods are becoming more popular.

1.3 Trade/Competition

The drought-impacted reduction in domestic supply has limited exportable rice supplies in MY 2004/05 to 8.5 million tons and will limit supplies in MY 2005/06 to 8.0 million tons, as compared to the extraordinary high of 10.1 million tons in MY 2003/04. Also, Thai rice export potential will be restricted by the strengthening Thai bath and high government intervention prices. The market for inferior quality rice is expected to be lost to major competitors like Vietnam. This market, accounting for about 20 percent of total rice exports, includes the Philippines, Indonesia, and some African countries like Mozambique Angola, Cameroon, and South Africa. Also, anticipated sufficient domestic rice supplies in Indonesia and the Philippines will limit the market of Thai rice.

In the first quarter MY 2004/05, white rice exports, which accounted for about half of total rice exports, were reportedly confined to only the pending shipments of old contracts. Meanwhile, new order demand goes to Vietnamese rice, which is US\$ 20-30/MT cheaper due to tight supply of Thai rice. Vietnamese rice is typically about US\$ 10/MT cheaper. Vietnam has already been awarded about 70 percent of the Philippines' total import demand for rice this year. The big difference in prices could worsen even the market of the superior quality Thai white rice, which accounts for about 24 percent of total rice exports. This market, particularly in Iraq, Iran, and China, is reportedly facing strong competition from Vietnamese rice. The quotations of 100% B grade Thai white rice are currently at around U.S.\$ 300/MT (as compared to an average of U.S.\$ 243/MT in the previous year), even being closer to those of U.S. #2/4 long grain rice, leading to no market opportunity in South America.

MY 2004/05 Fragrant rice exports (Thai Hommali rice) will likely decline significantly because major importers, China in particular, shifted to Pathumthani fragrant rice which is cheaper by around US\$ 100/MT, as it can be produced up to three times a year in the central plain. As a result, export prices for fragrant rice in the first quarter of this year dropped down to around US\$ 440/MT, down 3.7 percent from the annual average price of US\$ 457/MT in the previous year, despite a sharp increase in the MY 2004/05 government intervention prices of around 43 percent from the previous year. Pathumthai fragrant rice exports to China are expected to increase considerably at the expense of Thai Hommali rice.

In MY 2003/04, rice exports reached a record 10.1 million tons, up considerably from the previous year, mainly due to intense demand from foreign buyers unable to secure rice from Vietnam and India, Thailand's major competitors, and much exportable supply of Thai rice from the Government's stock release. Thai rice exports to China, the Middle East and African countries accounted for the bulk of the increase. Chinese import demand for superior white rice was exceptionally strong on top of regular demand for fragrant rice (Thai Hommali rice), as compared to insignificant amount of white rice imports in the past, in response to its temporary tight domestic supplies.

Thai rice exports to the Middle East, particularly to Iraq, increased considerably. The surge mainly resulted from more market-oriented economy after the end of UN's 12-year economic sanctions last year on May 22, 2003, in particular the termination of strict procurement process under the Oil-for-Food program six month later (Nov. 21, 2003). The current

procurement administration of Iraqi Grains Board opens more market opportunity for rice imported into Iraq.

Also, Thai rice exports to African countries increased significantly, including both inferior white rice and parboiled rice. The surge in rice exports to South Africa (the gateway to south African countries), Mozambique, Angola, and Cameroon, reflected much exportable supplies of inferior white rice from the Government's stock release. The sharp increase in inferior rice exports to these countries were more than compensating for a contraction in exports to Indonesia which imposed an import ban throughout the year. In addition, exports to Ghana (mainly superior white rice) and Benin (mainly parboiled rice) which are the gateway to west African countries continued to increased significantly. Meanwhile, the recovery on rice exports to Nigeria, the largest importer of Thai parboil rice, mainly resulted from limited exportable supplies of major competitor, Indian in particular.

As for fragrant rice (Thai Hom mali rice), accounting for about 21 percent of total rice exports, MY 2003/04 exports declined slightly, as another rice strain, Pathumthani fragrant rice, became more popular in response to its relatively cheaper prices (around US\$ 100/MT less than Thai Hom mali rice). The government announced the Thai Pathumthani fragrant rice standard, effective October 21, 2004, as another type of fragrant rice, produced from the Pathumtani 1 variety. Senegal was the largest importer of fragrant rice (Thai Hom mali rice), followed by the United States. China remained among the top three markets for fragrant rice, but it tends to shift to Pathumthani fragrant rice.

1.4 Stock

MY 2005/06 rice stocks will likely continue to decline, as domestic production is expected to increase only slightly from its sharp contraction in the previous year. In addition, rice exports are forecast to remain at high levels.

MY 2004/05 rice stocks are estimated to be far below the normal stock level of around 2 - 3 million tons. The contraction reflects anticipated sharp reduction in second crop production resulting from drought-impacted low reservoir levels. At the moment, the government is stockpiling through the MY 2004/05 intervention program, amounting to around 4.4 million tons of paddy (2.9 million ton milled equivalent) as of March 6, 2005. The government sold out the old stocks (prior MY 2004/05 intervention program) in the previous year (May 2004), totaling 1.9 million tons, all of which were for exports. Trade sources reported that over half of these old stocks have already been exported, around 1 million tons, as of February 2005.

1.5 Policy

The Government continued to intervene in the domestic rice market through the paddy mortgage scheme. The program was aggressive in MY 2004/05, as the Government announced the intervention prices early several months before the harvest period start date (in November). Moreover, prices were revised upward, far above the market prices, up around 40 percent from the previous year's levels for fragrant rice paddy, and 25 - 30 percent for white rice paddy. The intervention period, starting November 2004, was extended until April 30, 2005, two month longer than the normal period. The Government planned to buy 9 million tons of paddy, including 5.0 million tons of fragrant rice paddy, 3 million tons of white rice paddy, and 1 million tons of glutinous rice paddy. As of March 13, 2005, the Government aggressively bought 4.7 million tons of paddy, of which 2.6 million tons were white rice paddy, 2 million tons were fragrant rice paddy. In addition the Government

intended to start the new intervention program for MY 2004/05 second crop shortly after the end of main crop intervention program, regardless of the current high market prices.

In MY 2003/04, the paddy pledged with the Government dropped significantly. The contraction mainly resulted from the second crop intervention program which could buy only around 100 TMT of paddy, as compared to 2.1 million tons of paddy in the previous year. This reflected relatively attractive market prices that encouraged farmer to sell the paddy directly to the market. The average market price of 5% grade white rice paddy was up to around 5,400 Baht/ton (roughly U.S.\$ 133/MT), far above the intervention price of 5,100 Baht/ton (roughly U.S.\$ 125/MT). Also, the Government sold out the old stocks, which included the paddy from old crops (MY 2001/02 – MY 2003/04 crops) in May 2004, totaling 1.9 million tons, of which 1.7 million tons were white rice and 0.2 million tons were fragrant rice. The President Agri Trading, the third largest Thai rice exporter, was awarded all of the government's white rice stocks at the prices below the market prices. All rice is required to be exported by March 31, 2005.

The tender result of the Government's Stock

Quality (White rice)	Prices, FOB (U.S.\$ /MT)
100% B grade	222-242
5 % grade	219-239
10% grade	217-237
15% grade	215-235
25% super grade	209-231

Paddy Prices under Price Support Program (Baht/Metric Ton)

		Paddy						Glutinous paddy	
		Jasmine	100%	5%	10%	15%	25%	long grain	mixed grd
1992/93	Target price	4,200	4,200	4,100	4,000	3,900	3,800	3,450	3,150
	Loan Price	3,780	3,780	3,690	3,600	3,510	3,420	3,105	2,835
1993/94	Target price	4,200	4,000	3,900	3,700	3,600	3,400	3,450	3,150
	Loan Price	3,780	3,600	3,510	3,330	3,240	3,060	3,105	2,835
1994/95	Target price	4,244	4,044	3,944	3,744	3,644	3,444	3,494	3,194
	Loan Price	3,820	3,640	3,550	3,370	3,280	3,100	3,145	2,875
1995/96	Target price	4,600	4,400	4,300	4,100	4,000	3,800	3,850	3,550
	Loan Price	4,140	3,960	3,870	3,690	3,600	3,420	3,465	3,195
1996/97	Target price	4,760	7,550	4,450	4,240	4,140	3,930	3,980	3,670
	Loan Price	4,280	4,095	4,005	3,815	3,725	3,535	3,580	3,300
1997/98	Target price	5,290	4,640	4,540	4,340	4,240	4,040	4,730	4,430
	Loan Price	4,760	4,175	4,085	3,905	3,815	3,635	4,255	3,985
1998/99	Target price	6,840	5,560	5,460	5,260	5,160	4,960	6,200	5,900
	Loan Price	6,155	5,000	4,910	4,730	4,640	4,460	5,580	5,310
1999/00	Target price	6,840	5,560	5,460	5,260	5,160	4,960	6,200	5,900
	Loan Price	6,495	5,280	5,180	4,995	4,900	4,710	5,890	5,605
2000/01	Target price	6,840	5,560	5,460	5,260	5,160	4,960	6,200	5,900
	Loan Price	6,495	5,280	5,185	4,995	4,900	4,710	5,890	5,605
2001/02	Target price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Loan Price	6,500	5,330	5,235	5,045	4,950	4,760	5,900	5,650
2002/03	Target price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Loan Price	6,800	5,330	5,235	5,045	4,950	4,760	5,900	5,650
2003/04	Target price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Loan Price	7,000	5,330	5,235	5,045	4,950	4,760	5,900	5,650
2004/05	Target price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Loan Price	10,000	6,600	6,500	6,400	6,300	6,200	7,200	7,000

Source: Department of Internal Trade, Ministry of Commerce

Paddy Mortgage Scheme

Year	Number of Farmers	Paddy Pledges (Metric Ton)	Value (Thousand Baht)
1993	465,774	3,383,324	10,550,210
1994	199,956	1,202,718	3,664,220
1995	211,409	1,402,931	4,229,400
1996	181,999	1,181,259	3,938,743
1997	123,870	865,113	2,968,657
1998	111,107	786,363	2,938,730
1999	116,335	677,278	3,262,777
2000	113,062	697,756	3,286,433
2001	168,483	1,618,496	8,124,849
2002	683,769	6,140,902	32,204,585
2003	497,906	5,648,743	28,842,690
2004	177,137	2,608,234	12,440,180
2005 1/	485,367	4,748,357	n.a.

1/ Data reported as of March 13, 2005

Source: Bank for Agriculture and Agricultural Cooperatives (BAAC)

WTO Agreement on Market Access

unit: Metric Ton

Year	Paddy	Husked Rice	Milled Rice	Brokens	Total
1995	95,145.00	95,145.00	23,786.50	23,786.50	237,863.00
1996	95,673.83	95,145.00	23,918.45	23,918.45	239,184.56
1997	n.a.	n.a.	n.a.	n.a.	240,506.11
1998	n.a.	n.a.	n.a.	n.a.	241,827.67
1999	n.a.	n.a.	n.a.	n.a.	243,149.22
2000	n.a.	n.a.	n.a.	n.a.	244,470.78
2001	n.a.	n.a.	n.a.	n.a.	245,792.33
2002	n.a.	n.a.	n.a.	n.a.	247,113.89
2003	n.a.	n.a.	n.a.	n.a.	248,435.44
2004	n.a.	n.a.	n.a.	n.a.	249,757.00
2005	n.a.	n.a.	n.a.	n.a.	249,757.00

Source: Department of Foering Trade, Ministry of Commerce

Statistical Tables

Table 1.1: Thailand's Production, Supply, and Demand for Rice

PSD Table**Country Thailand****Commodity Rice, Milled**

(1000 HA)(1000 MT)

	2003		2004		2005	
	Revised		Estimate		Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	01/2004		01/2005		01/2006	
Area Harvested	10315	10315	10213	9637	0	9995
Beginning Stocks	3302	3302	1706	1703	1126	793
Milled Production	18011	18011	17400	17070	0	17310
Rough Production	27289	27289	26364	25864	0	26227
MILLING RATE (.9999)	6600	6600	6600	6600	0	6600
TOTAL Imports	0	0	0	0	0	0
Jan-Dec Imports	0	0	0	0	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	21313	21313	19106	18773	1126	18103
TOTAL Exports	10137	10140	8500	8500	0	8000
Jan-Dec Exports	10137	10140	8500	8500	0	8000
TOTAL Dom. Consumption	9470	9470	9480	9480	0	9490
Ending Stocks	1706	1703	1126	793	0	613
TOTAL DISTRIBUTION	21313	21313	19106	18773	0	18103

Table 1.2: Wholesale Prices for Rice

Prices Table

Country	Thailand		
Commodity	Rice, Milled		
Prices in	Baht	per uom	kilogram
Year	2003	2004	% Change
Jan	8.24	8.09	-2%
Feb	8.32	8.15	-2%
Mar	8.06	9.04	12%
Apr	8.07	9.01	12%
May	8.14	8.96	10%
Jun	8.26	8.96	8%
Jul	8.06	9.1	13%
Aug	7.79	9.5	22%
Sep	7.66	9.3	21%
Oct	7.41	9.67	30%
Nov	7.34	10.05	37%
Dec	7.59	10.46	38%
Exchange Rate	38.4	Local Currency/US \$	
Date of Quote	3/11/2005	MM/DD/YYYY	

Table 1.3: Thailand's Rice Exports

Export Trade Matrix

Country Thailand

Commodity Rice, Milled

Time Period	Jan. - Dec.	Units:	Metric Tons
Exports for:	2003		2004
U.S.	307561	U.S.	367677
Others		Others	
Nigeria	546068	Nigeria	839426
Senegal	556762	Senegal	569792
Indonesia	763690	Indonesia	155739
Iran	490181	Iran	610582
Cote D'Ivoire	351340	Cote D'Ivoire	398835
South Africa	420236	South Africa	814271
China	254501	China	698091
Hong Kong	280818	Hong Kong	287432
Malaysia	316396	Malaysia	457378
Singapore	270501	Singapore	205765
Total for	4250493		5037311
Others			
Others not	3039361		4735236
Listed			
Grand Total	7597415		10140224

Table 1.4: Thailand's Rice Imports

Import Trade Matrix

Country Thailand
Commodity Rice, Milled

Time Period: Units:
 Imports for: **2004**
 U.S. U.S.
 Others Others

China	6713	China	0
Australia	321	Australia	473
Pakistan	66	Pakistan	77
Japan	19	Japan	15
India	24	India	60
Italy	11	Italy	14
Laos	171	Laos	423

Total for 7325 1062
 Others
 Others not
 Listed
 Grand Total 7347 1101

2. Corn

2.1 Production

MY 2005/06 corn production is forecast at 4.1 million tons, down slightly from the previous year, in response to anticipated drier weather conditions, which will lessen yield potential, as nearly all corn is rain-fed. Planted areas are expected to decline slightly to 1.1 million hectares, as farmers tend to shift to more drought-resistance crops like cassava. Also, cassava prices are currently attractive at 1.3 baht/kg, up around 60 percent from the previous year.

In MY 2004/05, corn production is revised down slightly to 4.2 million tons, as second crop production, accounting for about 20 percent of total production, was adversely affected by drought despite the attractive price-triggered acreage expansion. Meanwhile, main crop production was excellent in the major growing areas due to favorable seasonal rainfall.

2.2 Consumption

MY 2005/06 feed demand will likely recover to around 10 million tons, as compared to the previous year's contraction to 8 - 9 million tons which was caused by a sharp drop in poultry production resulting from the outbreak of Highly Pathogenic Avian Influenza (HPAI). Feed corn consumption, accounting for about 40-50 percent of total feed demand, is forecast to increase to 3.9 million tons, up slightly from the previous year, in response to the gradual recovery in boiler production by around 5 percent, and anticipated strong recovery in layer production by about 20 percent after a sharp reduction in the previous year.

MY 2004/05 feed corn consumption is revised downward to 3.6 million tons, as compared to 3.9 million tons in the previous estimate, due to the reoccurrence of HPAI in late June 2004. The Department of Livestock Development (DLD) announced the latest outbreak on July 3, 2004. The cumulative figures from the HPAI outbreak in Thailand from July 23 - September 3, 2004 were 119 cases in 26 provinces, less serious than the first outbreak (January 23 - May 24, 2004) when about 30 million birds were destroyed, based on 190 cases in 42 provinces. The affected population was mostly native chickens, ducks, and chicken and quail layers. 373,698 poultry and 35,000 quail eggs were destroyed. MY 2004/05 feed consumption is expected to increase slightly from the previous year in light of the anticipated recovery in poultry production in the second half of the year. Poultry feed, composed of corn (60 percent) and soymeal (30 percent), accounts for about half of total feed demand. In addition, feed corn was partly substituted for by relatively cheaper broken rice (400,000 - 500,000 tons) in swine feed, accounting for about 36 percent of total feed demand. As a result the swine feed ration is currently composed of 20 percent broken rice, 25 percent corn (as opposed to 45 percent in the past), and 20 percent soymeal.

2.3 Trade

MY 2005/06 corn exports will likely continue to decline sharply due to limited exportable supplies resulting from the tight supply situation and the recovery in domestic demand for feed corn. However, the export levels are expected to be above the average annual exports of around 146,000 tons during the poultry export boom period. The import suspension on uncooked chicken meat by the governments of importing countries is expected to continue.

In MY 2004/05, corn exports are estimated at 600,000 tons, down slightly from the previous year's export surge resulting from the HPAI outbreak-triggered release of feed millers' stocks of feed corn. The Republic of Korea, importing up to 263,475 tons in the second half of MY 2003/04, will likely shift to Chinese corn this year due to the aflatoxin concerns. Thailand's

feed corn exports remained strong in the first half of MY 2004/05, as the exports were reportedly aggressive earlier at the beginning of the harvested period when the moisture of corn was still high. However, by November 2004 when the moisture condition is excellent, Thai feed corn prices were so high that Korean buyers shifted to China. Nevertheless, Malaysia and Indonesia are still the major markets for Thai feed corn, accounting for about 75 percent of Thailand's total feed corn exports, mostly due to the freight cost advantage against feed corn sourced from China and Argentina. Currently, Argentine corn is reportedly offered at U.S.\$ 140/MT, C&F in Malaysia. Thai corn will likely be quoted at U.S.\$ 130/MT, FOB in order to compete with Argentina's.

As for imported corn, import demand for corn is estimated to increase in MY 2004/05 from neighboring countries, particularly from Laos and Cambodia, as these countries enjoy a duty-free privilege. However, MY 2005/06 imports from these countries will likely be limited by their smaller exportable supply resulting from anticipated unfavorable crops.

2.4 Policy

The Government has implemented a mortgage scheme for MY 2004/05 crop during September – December 31, 2004 in order to stabilize domestic prices during the harvest period. The loan rates were set at 4.4 Baht/kg (roughly US\$ 115/ton) for 14.5% moisture content. Deductions will be taken for moisture above the specified level. As of December 31, 2004, the Government bought only 42,854 tons of corn, out of the target of 800,000 – 1,000,000 tons. Also, the Government remains focused on the administration of a minimum tariff rate quota. The administration in CY 2005 is expected to remain unchanged from the previous year. The import quota will be 54,700 tons at a 20 percent in-quota rate, following the WTO agreement. In general, shipments will be allowed only during the period of March 1 – June 30, when domestic production is minimal. However, in CY 2004, the Government allowed the duty-free imports of 500,000 tons during June 8 – July 15, 2004 in order to ease the tight domestic supply situation resulting from aggressive export demand during the first half of CY 2004. However, there were no imports under this extended period due to high freight costs and limited time. As for out-of quota imports, the tariff rate will be at 73 percent with a surcharge of 180 baht/ton. Non-WTO countries are also subject to a 2.75 baht/kg charge, and a special charge of 10.22 percent (sum of both of these charges is close to 73 percent) plus a surcharge of 180 baht/kg. However, according to the Economic Cooperation Strategy, for cooperation between Cambodia, Laos, Burma, and Thailand, imports of feed corn from these countries by the other countries are duty free without any quota throughout the year. In addition, the imports from AFTA countries are subject to a 5 percent tariff rate without any surcharge and quota.

Statistical Tables

Table 2.1: Thailand's Production, Supply, and Demand for Corn

Commodity	Country Thailand					
	Corn					
	(1000 HA)(1000 MT)					
	2003		2004		2005	
Revised		Estimate		Forecast		
USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin	07/2003	07/2004	07/2005			
Area Harvested	1110	1110	1130	1128	0	0
Beginning Stocks	116	264	163	176	238	160
Production	4100	4200	4265	4210	0	4140
TOTAL Mkt. Yr. Imports	5	12	10	74	0	60
Oct-Sep Imports	5	31	10	60	0	60
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	4221	4476	4438	4460	238	4360
TOTAL Mkt. Yr. Exports	658	650	400	600	0	250
Oct-Sep Exports	726	719	450	550	0	200
Feed Dom.	3300	3550	3700	3600	0	3900
Consumption						
TOTAL Dom. Consumption	3400	3650	3800	3700	0	4000
Ending Stocks	163	176	238	160	0	110
TOTAL DISTRIBUTION	4221	4476	4438	4460	0	4360

Table 2.2: Wholesale Price of Corn

Prices Table

Country	Thailand		
Commodity	Corn		
Prices in	Baht	per uom	Metric Ton
Year	2003	2004	% Change
Jan	4750	4910	3%
Feb	4890	4760	-3%
Mar	5070	5250	4%
Apr	5060	6750	33%
May	5000	7180	44%
Jun	4960	7090	43%
Jul	4900	6200	27%
Aug	4950	5030	2%
Sep	4770	4570	-4%
Oct	4680	4740	1%
Nov	4960	5030	1%
Dec	4940	5370	9%

Exchange Rate Local Currency/US \$
 Date of Quote MM/DD/YYYY

Table 2.3: Thailand's Corn Exports

Export Trade Matrix

Country Thailand
Commodity Corn

Time Period Units:
 Exports for: **2004**
 U.S. U.S.
 Others Others

Malaysia	99221	Malaysia	346185
Taiwan	38034	Taiwan	49709
Singapore	1653	Singapore	6800
Indonesia	43000	Indonesia	206759
Sri Lanka	2336	Sri Lanka	0
Burma	679	Burma	485
Hong Kong	1364	Hong Kong	14830
Japan	1245	Japan	1310
South Korea	0	South Korea	263475
Vietnam	379	Vietnam	53312
Total for	187911		942865
Others			
Others not	<input type="text" value="2053"/>		<input type="text" value="221"/>
Listed			
Grand Total	190293		943098

Table 2.4: Thailand's Corn Imports

Import Trade Matrix

Country Thailand
Commodity Corn

Time Period: Units:
 Imports for: **2004**
 U.S. U.S.
 Others Others

Lao Rep.	7848	Lao Rep.	31378
Cambodia	0	Cambodia	44350
Burma	0	Burma	25
China	20	China	0

Total for Others 7868 75753
 Others not Listed
 Grand Total 7868 75753

3. Wheat

3.1 Production

The Government failed to promote wheat production in Thailand due to climatic constraints, limited seed development, and unattractive returns. Cultivation is limited to only around 550 hectare, producing about 500 – 600 tons. Major planted areas are in the northern region, particularly Mae Hong Son province, which has about 80 percent of the totaled planted area. The average yield is approximately 150-180 kg/rai (0.9 – 1.1 tons/hectare)

3.2 Consumption

MY 2005/06 wheat consumption is forecast to grow further in anticipation of strong recovery in wheat demand for food and for feed. Bakery production, accounting for about 30 percent of total wheat demand for food consumption, is expected to continue the upward trend, as major manufacturers of leading branded products continue to expand their production capacity in the first half of the year. Also, modern trade outlets on bakery products are growing considerably. Meanwhile, noodle production, accounting for about 30 percent of total wheat demand for food consumption, will likely continue the upward trend, particularly for instant noodles, as the leading branded products have recently invested in new production lines. The consumption of instant noodles, accounting for about 75 percent of total noodle consumption, is reportedly expected to grow by around 6 percent. In addition, some instant noodle manufacturers also have diversified their products into the snack product segment, as this market segment reportedly grew by around 10 percent annually, as compared to only around 3 percent for the instant noodles market over the past few years. However, biscuit producers are facing strong competition from imported products of AFTA countries, Malaysia in particular. As for wheat demand for feed use, feed wheat demand is forecast to recover from the previous year's contraction. The increase reflects the recovery in shrimp farms, following strong export potentials due to the favorable results of the U.S. anti-dumping case. Also, the hatchery farms in the Tsunami-impacted areas are expected to be back to normal by the second half of the year, leading to a greater supply of baby shrimp for shrimp farms.

In MY 2004/05, wheat consumption is revised downward from the previous forecast, due mainly to the contraction in feed demand consumption, which accounted for about 30 percent of total wheat consumption. Despite the favorable results of the U.S. anti-dumping case, in which the Thai shrimp will be charged only at 5.79 – 6.82 percent against 5.56 – 10.25 percent in the proposal, the expansion in shrimp cultivation is reportedly limited by the shortfall of baby shrimp in the second of the year. About half of the hatcheries in the southern Thailand, accounting for around half of the baby shrimp supplies available to shrimp farms in Thailand, were totally destroyed by the Tsunami tidal wave which hit southern Thailand on December 26, 2004. It would take about 4-6 months for recovery of the tsunami-impacted hatcheries. As a result, baby shrimp supplies are reportedly expected to shrink by 20 - 30 percent in the second half of this year. However, trade sources expected that shrimp exports will likely recover in the second half of MY 2005 with approximate growth of around 10 percent in CY 2005 at the expense of domestic consumption, despite an anticipated slowdown in shrimp production in this period.

MY 2004/05 wheat demand for food consumption, accounting for about 70 percent of total wheat demand, is estimated to grow considerably. Bakery demand reportedly increased by 15 percent in response to more capacity utilization in most bakery manufacturers and continued expansion in numbers of bakery outlets in the modern trade stores. Meanwhile, noodle consumption, instant noodles in particular, is expected to grow by 3-5 percent. As for biscuit, the consumption growth will likely be steady at around 5 percent.

The wholesale price of local wheat flour currently declined by about 10 percent from the previous year, particularly for bread flour and noodle flour due to strong competition from relatively cheaper imported flour, resulting from a reduction in tariff rate on wheat flour. However, the prices of premium bread flour, accounting for about half of total bread flour use, remained high at the same level as the previous year, as local flour still dominates the market. Meanwhile, prices of cake flour remain unchanged from the previous year, because it is considered to be a niche market which is sensitive to quality so that imported flour could not compete with local flour. Also, prices of biscuit flour remained steady, as the margin on this product is limited due to strong competition among local flour manufacturers.

Wholesales Prices of Local Wheat Flour

Wheat Flour	Protein Content (%)	Wholesale Prices	
		Baht/bag (22 kg.)	U.S. cent /pound
Bread	13.5 - 14.0	450 - 460	24
All Purpose (noodle)	12 -13	370 - 380	20
Cake	10	500 - 530	26 - 28
Biscuit	8 - 10	310 - 320	16 - 17

3.3 Trade

Thailand relies heavily on imported wheat in light of insignificant domestic production. MY 2005/06 wheat grain imports are forecast to increase by around 5 percent in line with the wheat demand for food and feed consumption. The U.S. will likely continue to be the major supplier of high protein content wheat, which is usually used to produce premium bread flour. However, U.S. wheat is being challenged by relatively cheaper Australian and Indian wheat resulting from their free trade agreements with Thailand. Australian wheat will be cheaper than the U.S. wheat by around U.S.\$ 2-3/MT on top of the import prices, starting on January 1, 2005 when wheat from Australia is duty free. Meanwhile, Indian wheat is currently about U.S.\$ 2/MT cheaper. By September 1, 2005, it will be still cheaper, as duties are lowered. And by September 1, 2006 the Indian wheat will be duty free like Australian wheat. In addition, U.S. wheat market potential will be limited by relatively cheaper imported wheat flour from Singapore and Malaysia due to the reduction on the tariff on imported wheat flour to 5 percent, effective January 1, 2005, as compared to the tariff rate of 25.5 percent for the previous year (October 4 – December 31, 2004). Import prices of wheat grain currently increased by 10 percent from the previous year for medium protein content, and up to 20 percent for high protein content, in particular 15% protein content DNS wheat which is currently bought at U.S.\$ 260-280/MT, C&F. Regarding the upward pressure on prices of high protein wheat grain due to the tight supply situation in major suppliers, the U.S. in particular, Thailand's flour millers will likely lower their specifications for premium bread flour by shifting from 15% protein content DNS to 13.5 – 14.5% protein content DNS. The millers reportedly could save by U.S.\$ 40-50/MT on the C&F prices. In general, the price difference between 14% and 15% protein content is around U.S.\$ 3-4/MT. As a result, the bakery manufacturers have to adjust their products accordingly. Meanwhile, the prices of HRW, which is usually use for all purpose wheat flour production, remained unchanged at around U.S.\$ 210–215/MT, C&F.

MY 2004/05 wheat grain imports are estimated at 820,000 tons, down from the sharp increase of the previous year. The contraction reflected tsunami-impacted reduction in shrimp feed demand, of which around 25 percent is wheat. The shortfall of baby shrimp supplies will likely limit the expansion in shrimp cultivation in the second half of the year.

In the first half of MY 2004/05, wheat grain imports totaled 464,534 tons, up slightly from 461,962 tons in the same period for the previous year. The increase was partly the result of the new entry of two new flour mills with total production capacity of around 500 tons/day. One out of these new flour mills reportedly utilizes U.S. wheat for about 70 – 80 percent of their total wheat grain use. Imports of U.S. wheat grain increased by around 8 percent at the expense of the Australian wheat. Also, imports of Canadian wheat increased significantly to 87,110 tons due to that crop's recovery. The Canadian wheat is reportedly blended with U.S. wheat at 20:80 ratios for bread flour production. In CY 2004, U.S. wheat maintained high market share at around 45 percent. Meanwhile, market share for Australian wheat declined to 37 percent, as compared to 43 percent in the previous year.

As for wheat flour, imports are expected to continue to increase significantly, particularly in the second half of MY 2004/05 when the tariff rate drops further to 5 percent. In CY 2004, imports of wheat flour from China increased considerably for the second consecutive year as a new source of inferior wheat flour due to its relatively cheaper prices, as compared with local wheat flour. This resulted from the tariff rate reduction to 25.5 percent (effective October 3, 2003) against 40 percent in the past. Chinese wheat flour is mainly used in shrimp feed. Also, wheat flour imports from Australia increased considerably, particularly in the second half of CY 2004. Local flour manufacturers reportedly reduced prices by about 5 percent in order to compete with imported flour, particularly on biscuit flour. The prices of imported flour, usually inferior grades, are relatively cheaper by 15 percent even prior to the tariff reduction to 5 percent. However, trade sources expect local wheat flour will likely be able to compete with imported wheat flour, as wheat flour millers still have some margin to lower their prices to attract the end users.

3.4 Policy

According to the current tariff structure, the tariff rate on imported wheat is at 0.1 baht/kg (roughly U.S.\$ 2.6/MT), effective since October 4, 2003. Meanwhile, the tariff rate on wheat flour is reduced to 5 percent (0.5 Baht/kg), effective on January 1, 2005, as compared to 25.5 percent (1.85 Baht/kg.) during October 4, 2003 – December 31, 2004. As a result, local flour millers have already reduced prices by about 5 percent, particularly for low premium items (biscuit flour) in order to attract the end users. Some biscuit manufacturers are reportedly willing to return to biscuit flour produced locally.

In addition to the current tariff structure, the recent free trade agreements with Australia and India have brought more tariff reductions on wheat grain. Australian wheat is duty free, effective on January 1, 2005. Meanwhile, the tariff rate for Indian wheat will be at 0.025 baht/kg (roughly U.S.\$ 0.65/MT) by September 1, 2005, down from 0.5 baht/kg (roughly U.S. \$ 1.3/MT) at the beginning of the agreement on September 1, 2004. The Indian wheat will be duty free by September 1, 2006. As a result, the import prices of U.S. wheat are higher than those of Australian wheat by an additional U.S.\$ 2-3/MT. As for Indian wheat, the U.S. wheat prices will be higher by about U.S.\$ 2/MT during September 1, 2006 – August 31, 2006, and U.S.\$ 2-3/MT by September 1, 2006.

Statistical Tables

Table 3.1: Thailand's Production, Supply and Demand for Wheat

	2003		2004		2005	
	Revised		Estimate		Forecast	
	USDA	Post	USDA	Post	USDA	Post
	Official	Estimate	Official	Estimate	Official	Estimate
	[Old]	[New]	[Old]	[New]	[Old]	[New]
Market Year Begin	07/2003		07/2004		07/2005	
Area Harvested	0	0	0	0	0	0
Beginning Stocks	360	398	632	566	552	516
Production	0	0	0	0	0	0
TOTAL Mkt. Yr. Imports	1253	1017	1000	820	0	860
Jul-Jun Imports	1253	1017	1000	820	0	0
Jul-Jun Import U.S.	450	409	0	330	0	0
TOTAL SUPPLY	1613	1415	1632	1386	552	1376
TOTAL Mkt. Yr. Exports	81	9	80	10	0	10
Jul-Jun Exports	81	9	80	10	0	10
Feed Dom.	270	270	280	260	0	280
Consumption						
TOTAL Dom. Consumption	900	840	1000	860	0	910
Ending Stocks	632	566	552	516	0	456
TOTAL DISTRIBUTION	1613	1415	1632	1386	0	1376

Table 3.2: Thailand's Wheat Grain Imports

Import Trade Matrix

Country Thailand

Commodity Wheat (Grain)

Time Period **Jan. - Dec.** Units: **Metric Ton**
 Imports for: **2003** **2004**
 U.S. **354834** U.S. **425771**
 Others Others

Australia	335994	Australia	352463
Canada	84183	Canada	163249
India	5372	India	168

Total for 425549 515880
 Others
 Others not **1134** **7699**
 Listed
 Grand Total 781517 949350

Table 3.3: Thailand's Wheat Flour Imports

Import Trade Matrix

Country Thailand
Commodity Wheat (Flour)

Time Period: Units:
 Imports for: **2004**
 U.S.: U.S.:
 Others Others

Singapore	10423	Singapore	10988
Japan	14223	Japan	17978
Australia	2149	Australia	5429
Malaysia	4525	Malaysia	4510
Belgium	4799	Belgium	1876
Vietnam	4051	Vietnam	903
China	5751	China	12967

Total for Others: 45921 54651
 Others not Listed:
 Grand Total: 47873 57324

4. Bean

4.1 Production

MY 2005 pulse production is forecast to decline further due to the likelihood for drier weather conditions and relatively unattractive returns as compared to other crops like tapioca and sugar cane. Planted areas will likely continue to decline, despite the current high farmgate prices of around 15.62 Baht/kg, up 16 percent from the previous year. Farmers reportedly tend to shift out of beans to corn and tapioca crop due to low yield potentials. In MY 2004, pulse production is revised downward to 243,000 tons, down from 251,000 tons in the previous year. Several farmers left their land idle after the harvesting of their major field crops (e.g. paddy), due to drought.

4.2 Consumption

MY 2005 bean consumption will likely continue the upward trend. Most Mung beans are raw material for vermicelli, accounting for about half of total Mung beans use. The vermicelli by-products are reportedly used as feedstuffs. However, Mung beans are not utilized directly as feedstuffs as the prices are too high. Mung beans are also used to produce other kinds of food stuffs, such as bean flour, bean sprouts and cake, and various confectionary items.

The average farm gate prices of Mung bean increased sharply to 14.73 Baht/kg. (roughly U.S.\$ 366/MT) in MY 2004, as compared to 10.9 Baht/kg (roughly U.S.\$ 263/MT) in the previous year. The price surge mainly reflected the tight supply situation resulting from the drought.

4.3 Trade

In MY 2005, bean exports will likely continue their downward trend to 8,000 tons in anticipation of the limited exportable supply resulting from unfavorable crop conditions. Also, Thai Mung bean export prices were reportedly higher than major competitors, Burma in particular, by about U.S.\$ 30/MT in a nearby major market, India in particular. In MY 2004, Mung bean exports declined significantly from the previous year. The contraction mainly resulted from a sharp reduction in exports to Asian countries, particularly India, the Philippines, and Sri Lanka. Burma will likely gain more market share in these countries, as Thai Mung bean export quotations were around 20 percent higher than the previous year's.

As for Mung bean imports, import demand is forecast to grow dramatically in response to an anticipated shortfall in domestic production. In MY 2004, Mung bean imports increased significantly to 6,084 tons, following insufficient domestic supplies. Most imports were from Burma.

4.4 Policy

Mung beans are considered to be a minor crop, in which the Government does not offer any intervention program. The crop is encouraged by the Government as a second crop to replace paddy.

Statistical Tables

Table 4.1: Thailand's Production, Supply and Demand for Beans

PSD Table**Country Thailand****Commodity Beans**

(1000 HA)(1000 MT)

	2003		2004		2005	
	Revised		Estimate		Forecast	
	USDA	Post	USDA	Post	USDA	Post
	Official	Estimate	Official	Estimate	Official	Estimate
	[Old]	[New]	[Old]	[New]	[Old]	[New]
Market Year Begin	01/2003		01/2004		01/2005	
Area Harvested	0	293	0	285	0	280
Beginning Stocks	0	19	0	18	0	15
Production	0	251	0	243	0	240
TOTAL Mkt. Yr. Imports	0	1	0	6	0	15
Jul-Jun Imports	0	4	0	10	0	10
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	0	271	0	267	0	270
TOTAL Mkt. Yr. Exports	0	18	0	12	0	10
Jul-Jun Exports	0	10	0	17	0	10
Feed Dom.	0	5	0	4	0	0
Consumption						
TOTAL Dom.	0	235	0	240	0	250
Consumption						
Ending Stocks	0	18	0	15	0	10
TOTAL DISTRIBUTION	0	271	0	267	0	270

Table 4.2: Farm Gate Prices of Mung Beans

Prices Table

Country	Thailand		
Commodity	Beans		
Prices in	Baht	per uom	Metric Tons
Year	2003	2004	% Change
Jan	10350	13440	30%
Feb	9050	15010	66%
Mar	9650	14830	54%
Apr	9360	15460	65%
May	9360	15460	65%
Jun	9360	13280	42%
Jul	9360	13750	47%
Aug	10980	12740	16%
Sep	11230	12490	11%
Oct	11710	13220	13%
Nov	13350	14540	9%
Dec	13890	15160	9%
Exchange Rate	38.4	Local Currency/US \$	
Date of Quote	3/11/2005	MM/DD/YYYY	

Table 4.3: Thailand's Mung Bean Exports

Export Trade Matrix

Country Thailand
Commodity Beans

Time Period	Jan. - Dec.	Units:	Metric Ton
Exports for:	2003		2004
U.S.	2137	U.S.	2170
Others		Others	
Cambodia	593	Cambodia	1
Hong Kong	1631	Hong Kong	1573
India	3156	India	386
Indonesia	3156	Indonesia	600
Japan	1188	Japan	972
Malaysia	1036	Malaysia	746
Pakistan	131	Pakistan	3197
Philippines	1532	Philippines	44
Singapore	1005	Singapore	652
Sri Lanka	1685	Sri Lanka	322
Total for	15113		8493
Others			
Others not Listed	1198		1713
Grand Total	18448		12376

Table 4.4: Thailand's Mung Bean Imports

Import Trade Matrix

Country Thailand
Commodity Beans

Time Period Units:
 Imports for: **2004**
 U.S. U.S.
 Others Others

Burma	914	Burma	5933
Malaysia	110	Malaysia	46
Indonesia	23	Indonesia	104
China	26	China	1

Total for 1073 6084
 Others
 Others not
 Listed
 Grand Total 1073 6084

End of Report.